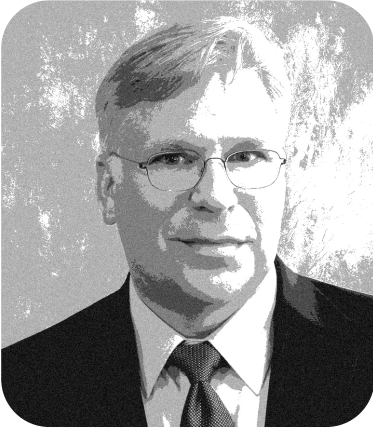




BANK EXECUTIVE BUSINESS OUTLOOK SURVEY REPORT

INTRODUCTION



Welcome to IntraFi's Bank Executive Business Outlook Survey report for the fourth quarter of 2025. In this edition of the survey bankers expressed their growing concern over competition from credit unions and the impact of lower capital requirements on lending, deposit pricing, and wholesale funding.

This report, with responses from 426 banks, discusses these results and other issues in more detail.

We hope the information provided is insightful and helpful. As always, if you have any thoughts or questions, please contact Rob Blackwell, Chief Content Officer & Head of External Affairs, at (866) 776-6426, x3357, or visit [IntraFi.com](https://intrafi.com).

MARK JACOBSEN
Cofounder & CEO
IntraFi

EXECUTIVE SUMMARY

In 2025, the U.S. banking sector experienced a resurgence in mergers and acquisitions (M&A), with over 170 deals announced during the year.¹ Credit union purchases of banks made up close to 10 percent of that total, and banks have taken notice.

According to survey data, bankers believe credit union purchases of community banks will continue at a significant rate, creating a number of challenges for the industry. Credit unions acquired 22 banks in 2024,² a record, and an additional 16 in 2025.³ Fifty-two percent of respondents

expect 11-20 such deals in 2026, with a third warning the total will be even higher.

The rise in M&A activity by credit unions is a significant concern for banks. Eighty-six percent said they believe that as more banks are purchased by credit unions, the tax-favored status credit unions enjoy will increase the competitive imbalance between these two types of financial institutions. Banks are already feeling the effects of increased competition from credit unions. While Commercial & Industrial (C&I) activity has been modest among community banks, C&I lending helped

[1] "Banking Industry Outlook: U.S. Banking M&A Caps Off a Historic 2025," Ankura, January 15, 2026, <https://ankura.com/insights/banking-industry-outlook-u-s-banking-ma-caps-off-a-historic-2025>

[2] "Record Year for Credit Union-Bank Deals in 2024," Wilary Winn, January 6, 2025, <https://wilwinn.com/record-year-for-credit-union-bank-deals-in-2024/>

[3] Laura Alix, "Credit Union Still a Key Competitor in Small Bank M&A," BankDirector, December 12, 2025, <https://www.bankdirector.com/article/credit-unions-still-a-key-competitor-in-small-bank-ma/>

EXECUTIVE SUMMARY (CONTINUED)

credit unions achieve annualized loan growth of approximately 4.6% in the first three quarters of 2025.⁴ As a result, 65% of bankers indicated their institutions have faced an increase in lending competition, deposit competition, or both, putting pressure on profit margins.

While banks face a number of challenges in 2026, regulators are looking to undertake a series of actions that they expect to provide U.S. banks with more excess capital. Thirty-six percent of survey respondents believe these changes will increase loan competition, but almost the same number (37%) predict the competition for deposits will also rise. Only 17% said these policy changes will improve competitive balance, compared to 39% who foresee little to no impact.

HIGHLIGHTS

Deposit Competition: Less than half (40%) have experienced an increase in deposit competition over the past year, while 48% predict that competition will tighten in 2026. Almost the same amount expect such competition to remain the same.

Funding Costs: Seventy-eight percent of banks said that conditions improved; 68% expect lower costs in the year ahead.

Loan Demand: Almost 50% of banks reported that loan demand improved in 2025, while 56% expect it to increase in 2026.

Access to Capital: Ninety-seven percent predict either no change or improved access to capital in 2026. Three-quarters of respondents signaled that access to capital held steady over the past 12 months.

↑ 48%

predict deposit competition to increase

↓ 68%

predict a decline in funding costs

↑ 56%

expect that loan demand will improve

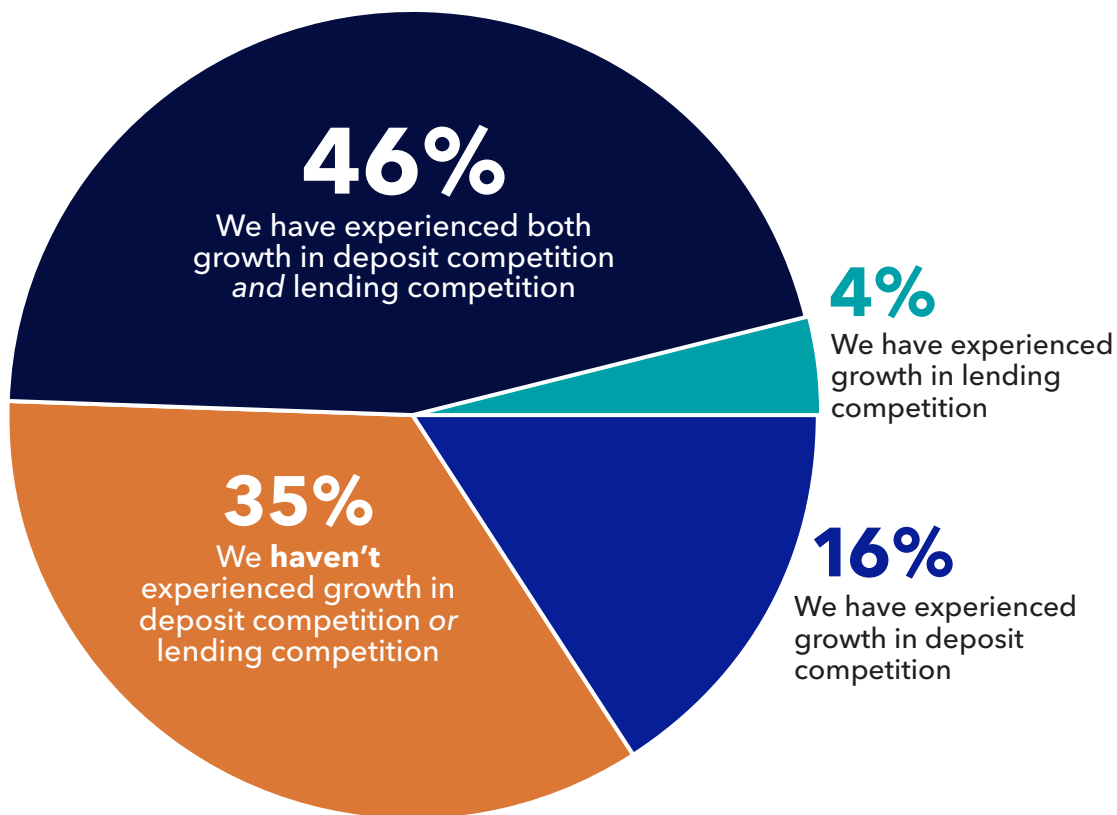
[4] "Credit Union Performance Trends: Q3 FY 2025," Forvis Mazars, December 2, 2025.
<https://www.forvismazars.us/forsights/2025/12/credit-union-performance-trends-q3-fy-2025>

Banker Perspectives

Each quarter, we pose a series of questions based on current events affecting the banking sector. This quarter we asked about issues related to the impact of credit union activity on banks and recent policy shifts that are expected to free up bank capital.

IMPACT OF CREDIT UNION ACTIVITY

How has the growth in credit union business activity over the prior 12 months impacted your bank?

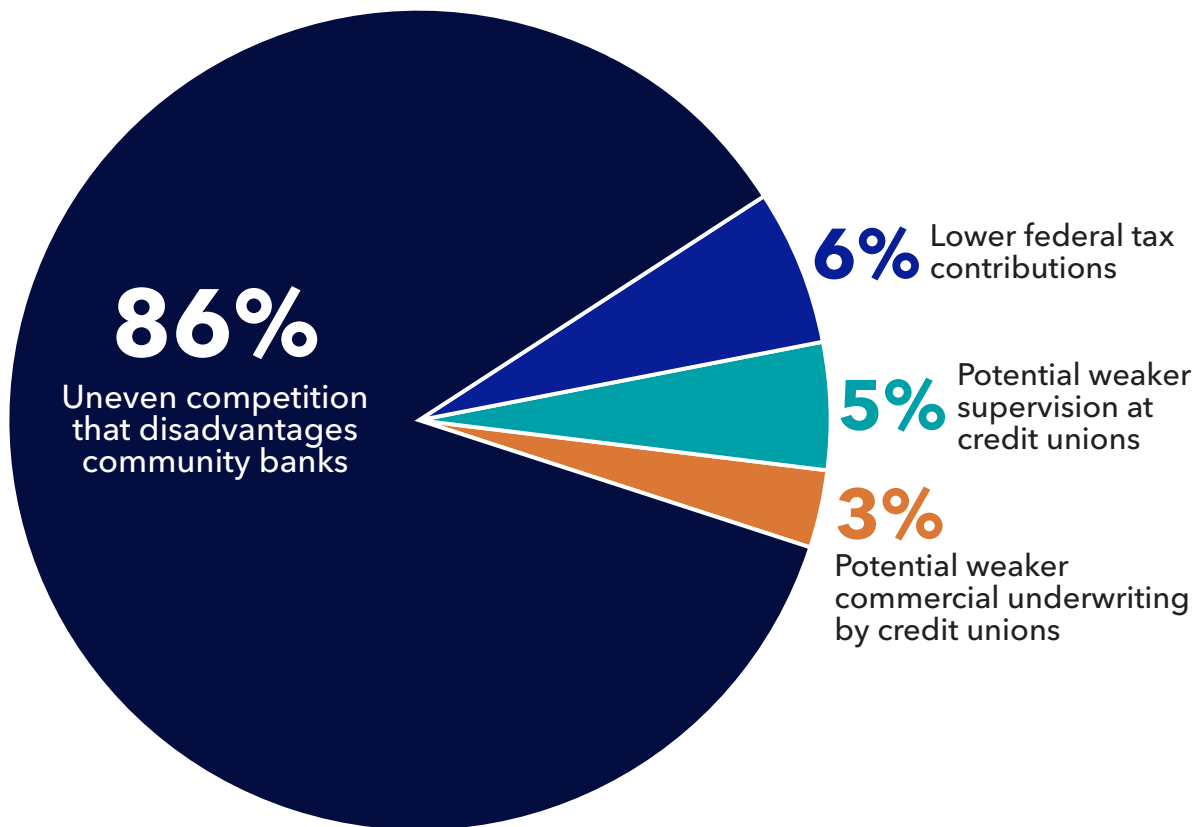


Commercial & Industrial (C&I) lending has helped credit unions achieve annualized loan growth of approximately 4.6% in the first three quarters of 2025.⁵ Given more modest C&I activity among community banks, many in the commercial banking sector have taken notice. As a result of greater activity from credit unions, 65% of bankers indicated their institutions have faced an increase in lending competition, deposit competition, or both. Meanwhile, only 35% have experienced no significant change.

[5] "Credit Union Performance."

CONCERNS OVER CREDIT UNION ACQUISITION OF BANKS

Credit unions purchased 16 banks in 2025.⁶ Analysts believe a new record could occur in 2026 as credit unions remain an attractive option for small banks to secure all-cash buyers. Considering the potential results of these transactions, what is your biggest concern?



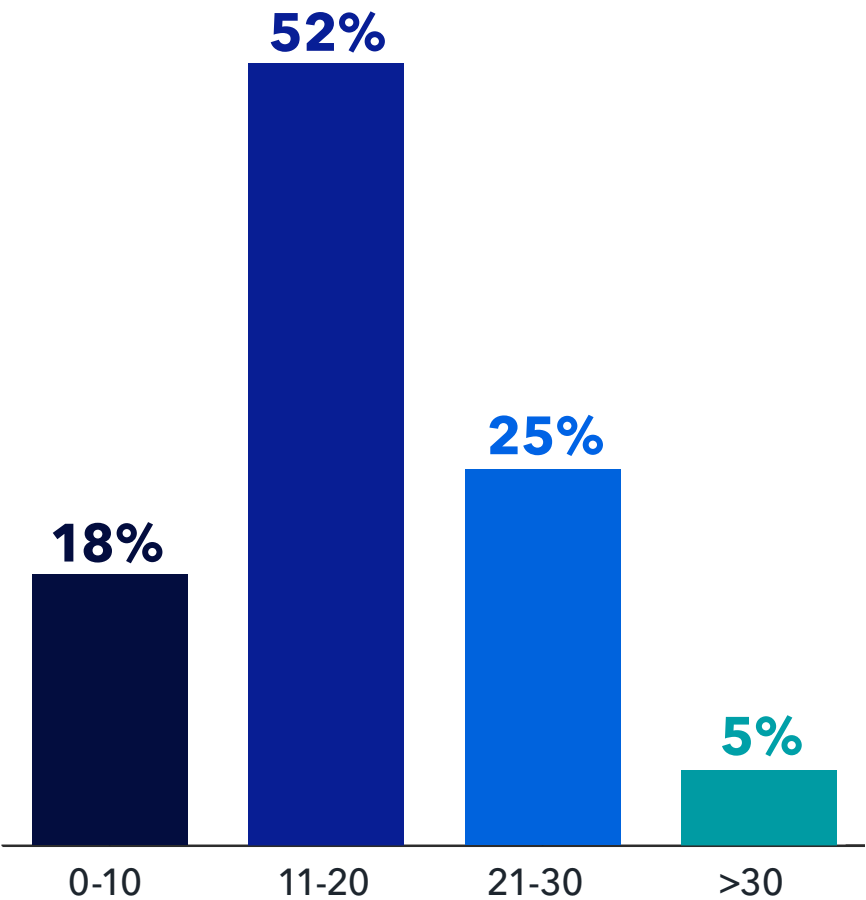
Since 2010, credit unions have acquired more than 77 community bank charters, with over 60% of these occurring in the last five years.⁷ We asked banks what concerns them most about this trend. The vast majority (86%) said the growing level of uneven competition between banks and credit unions as the top concern. Lower federal tax contributions were listed by 6%, while weaker supervision and weaker commercial underwriting were chosen by 5% and 3% of respondents respectively.

[6] "Why Healthy Credit Unions Are Choosing To Merge—And Why 2026 Could Break Records," CUtoday.info, January 26, 2026.
<https://www.cutoday.info/THE-feature/Why-Healthy-Credit-Unions-Are-Choosing-To-Merge-And-Why-2026-Could-Break-Records>

[7] Bridget McCrea, "Revealed: The Impact of Credit Union Acquisitions," ICBA, December 1, 2025.
<https://www.icba.org/w/revealed-the-impact-of-credit-union-acquisitions>

NUMBER OF CREDIT UNION PURCHASES OF BANKS IN 2026

How many credit union purchases of banks do you predict for 2026?



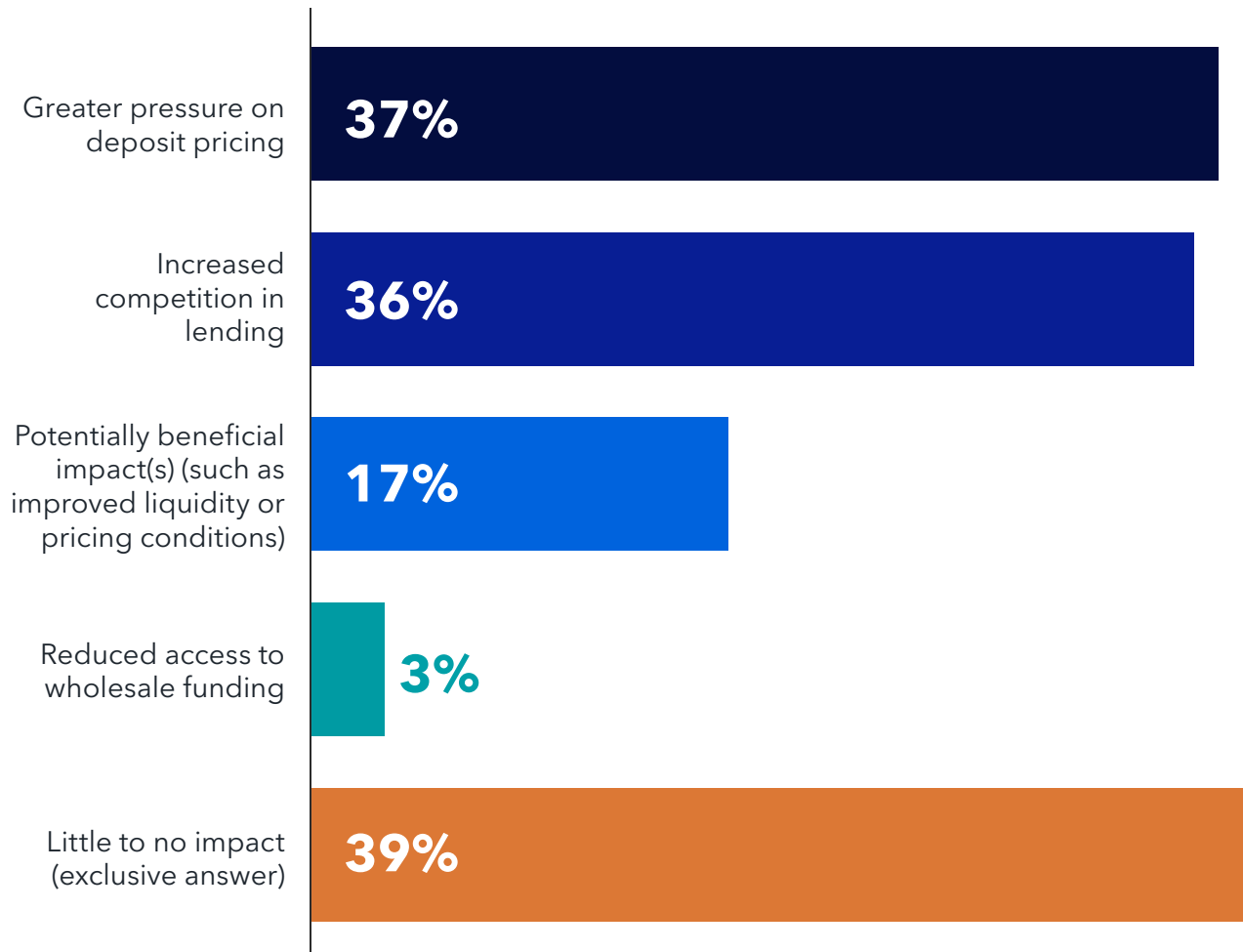
Analysts believe that 2026 could see a record number of banks purchased by credit unions, which remain an attractive source of all-cash buyers of small banks.⁸ Thirty percent of respondents agree, predicting 21 or more mergers will occur. However, the majority of bankers (52%) believe the number of purchases will be more similar to the 16 that occurred in 2025.⁹

[8] "Why Healthy Credit Unions."

[9] Alix, "Credit Union."

IMPACTS OF LOWER CAPITAL REQUIREMENTS

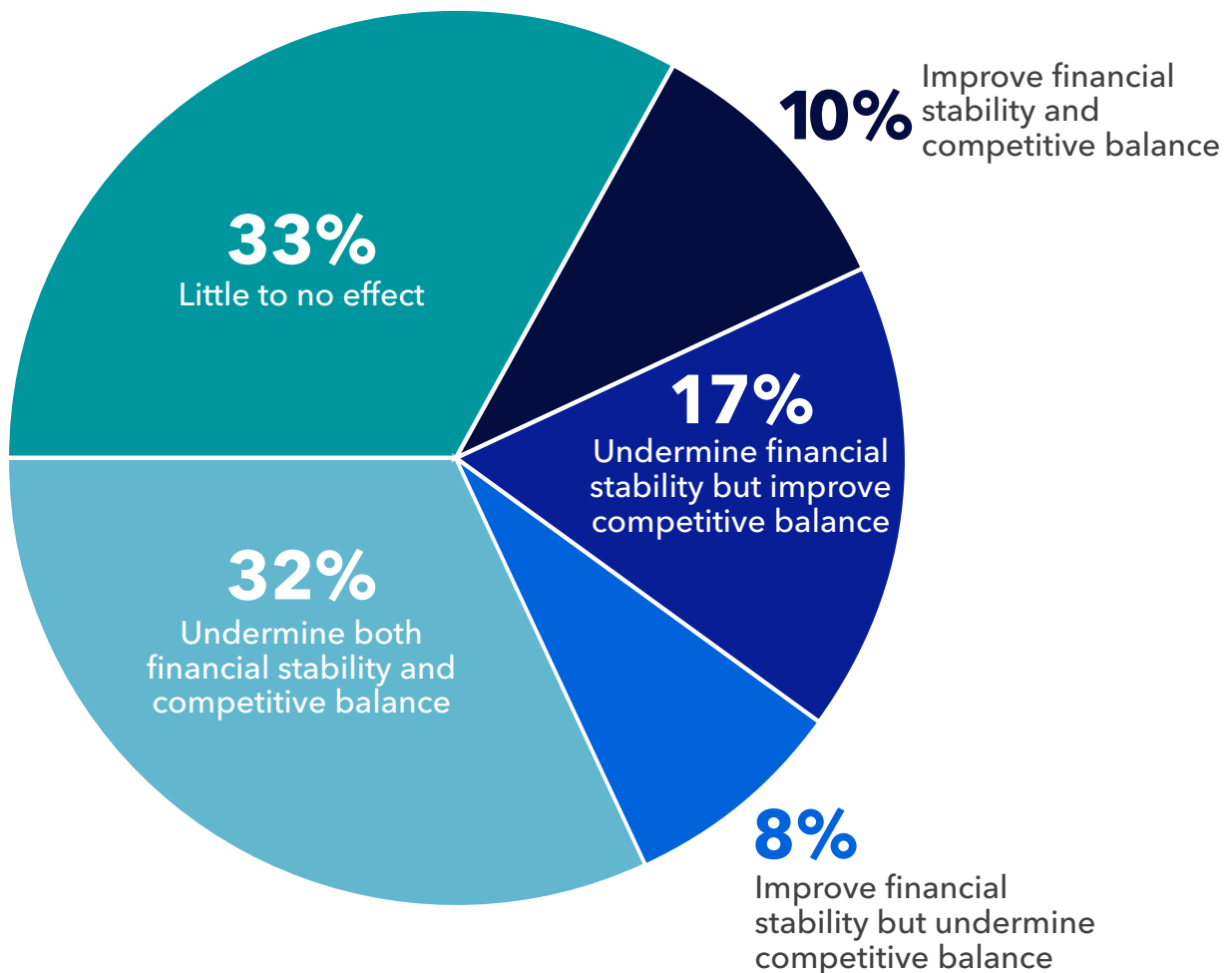
Given lower capital requirements in the near future, what impacts do you see to your bank?
(Select all that apply)



Bank regulators are taking a series of actions, including overhauling the annual stress tests of large banks, that are expected to provide U.S. banks with more excess capital. Will this lead to more lending? Thirty-six percent of banks indicate that loan competition would increase as a result of these policy changes, while almost the same number (37%) expect deposit competition to increase. Thirty-nine percent of banks expect no change.

EFFECT OF NEW CAPITAL REQUIREMENTS ON FINANCIAL STABILITY

How would you expect this policy shift to affect financial stability and competitive conditions?

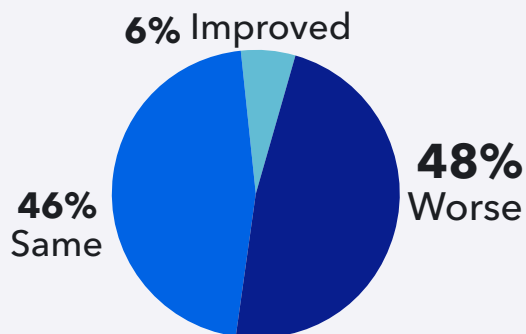


Some have questioned whether lower capital requirements will undermine financial stability. Others believe it will improve competitive balance. A plurality of 33% of respondents believe these changes will have little to no effect. Thirty-two percent indicate these changes will undermine stability and also weaken competitive balance. Only 10% said it would improve both, while 25% state it would negatively impact either financial stability or competitive balance while improving the other.

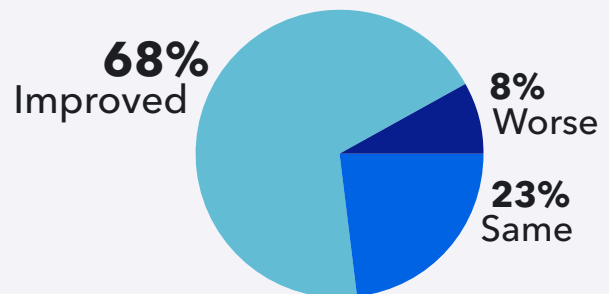
Toplines

This is a topline overview of banker expectations for the 12 months ahead in four key categories.

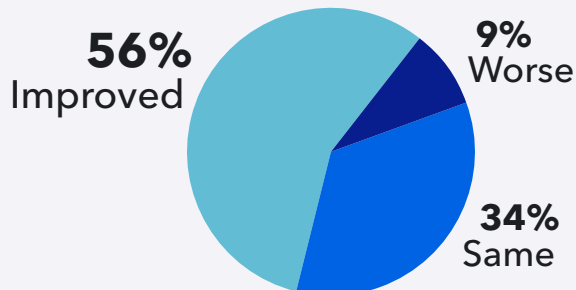
DEPOSIT COMPETITION



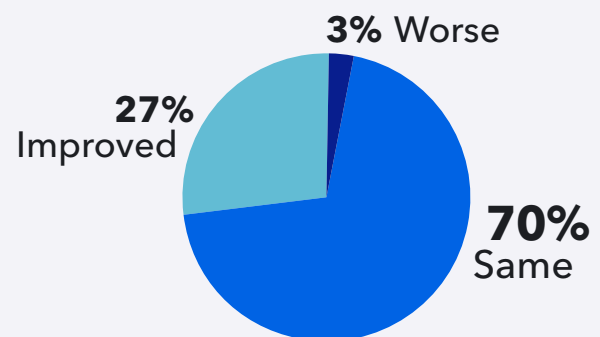
FUNDING COSTS



LOAN DEMAND

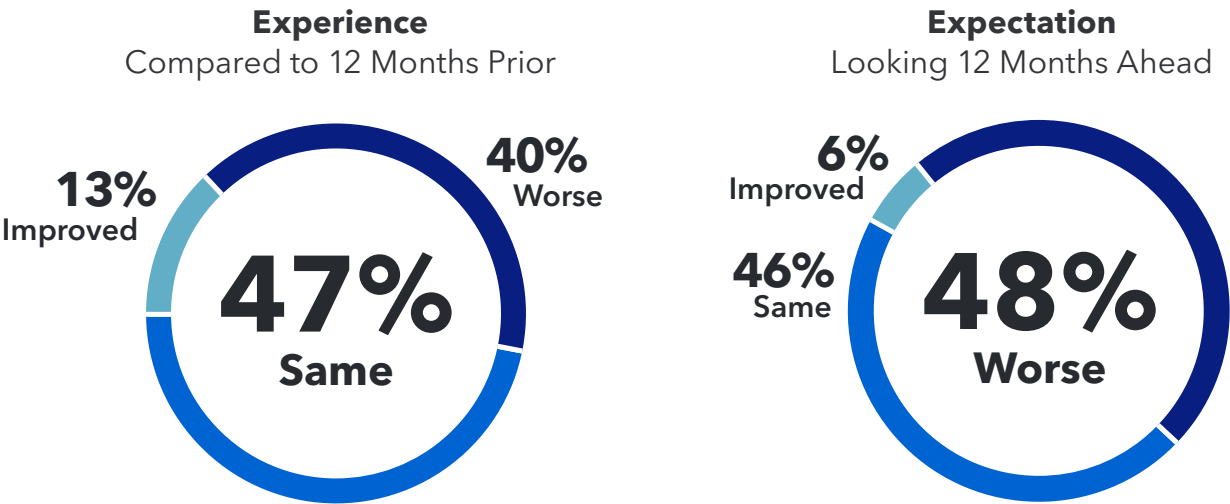


ACCESS TO CAPITAL



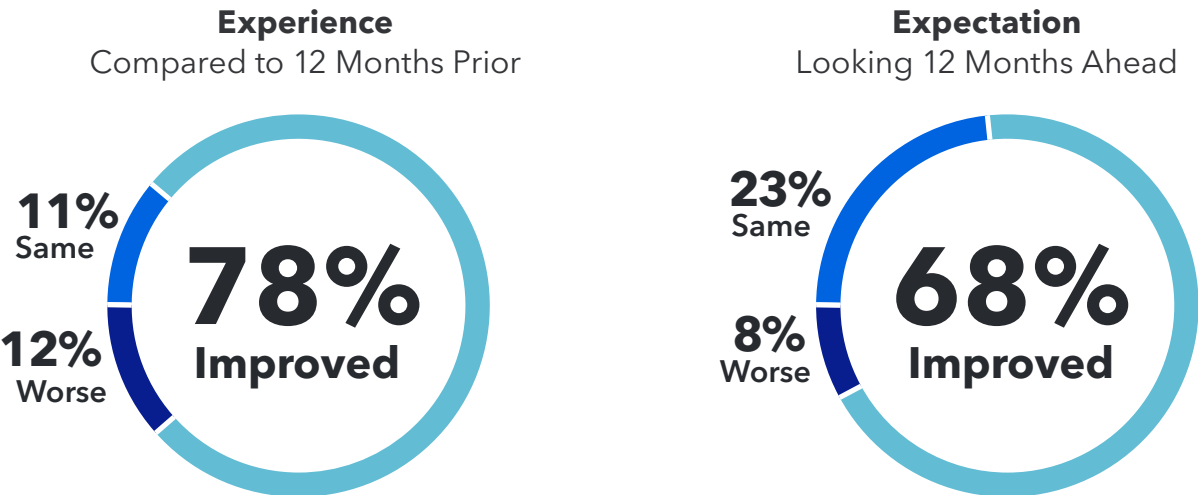
DEPOSIT COMPETITION

A majority of banks no longer see deposit competition as stable. Almost as many banks (40%) have experienced an increase in deposit competition over the past year as those that have experienced no change (47%). Looking ahead, 48% of banks now believe deposit competition will tighten in 2026 compared to 46% who expect it to remain the same. This is a shift from last quarter when over 50% of banks predicted more of the same going forward.



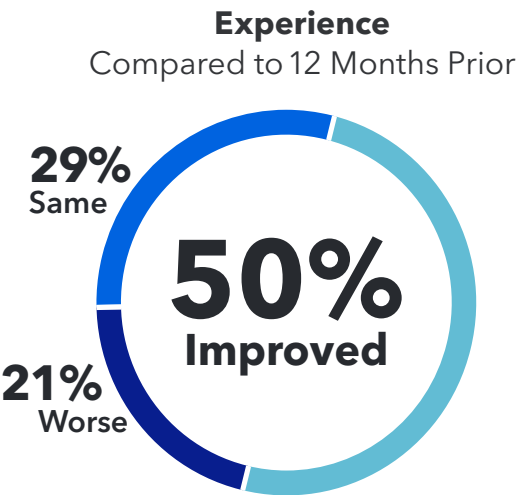
FUNDING COSTS

Last quarter we reported that a growing number of banks had experienced lower funding costs. This trend continued this month with almost 78% of banks reporting that conditions continued to improve, a 54-point jump from the third quarter of 2024. Looking ahead, bank confidence on funding costs dropped 12 points from the third quarter of 2025 to 68%. However, this is still a sizable majority of banks, underscoring that most continue to believe that the Fed will still lower rates in 2026.



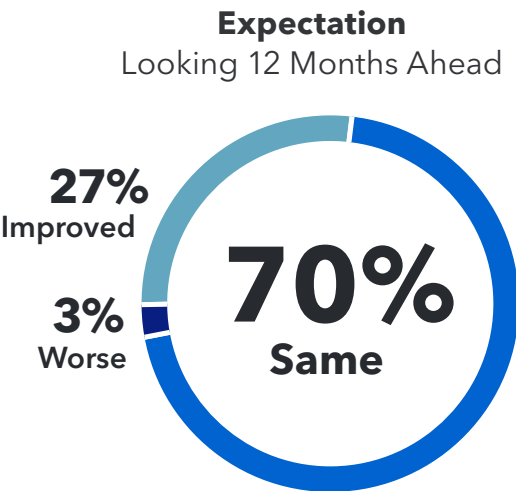
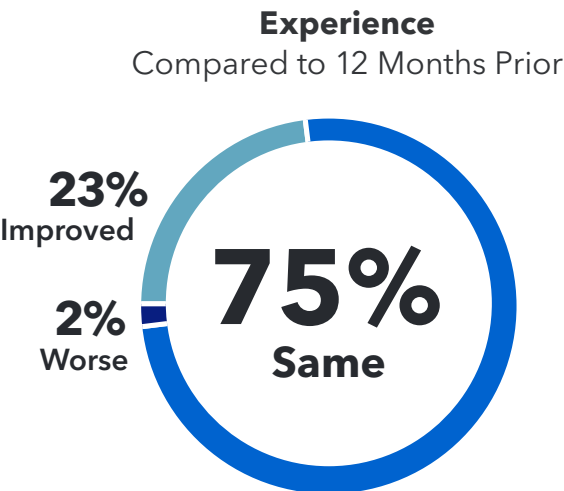
LOAN DEMAND

Just under 50% of banks noted that loan demand improved in the fourth quarter of 2025, an increase of 4 points from previous quarter. This represents a period of steady improvement that began after the first quarter of 2023. Expectations for higher loan demand over the next 12 months jumped to 56%, an increase of around 9 points. This is the highest total since the first quarter of 2021.



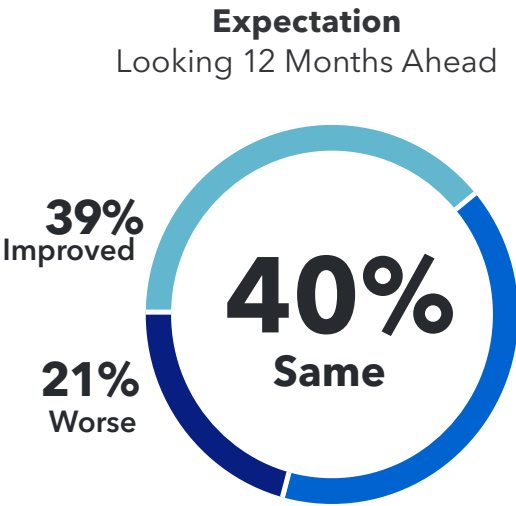
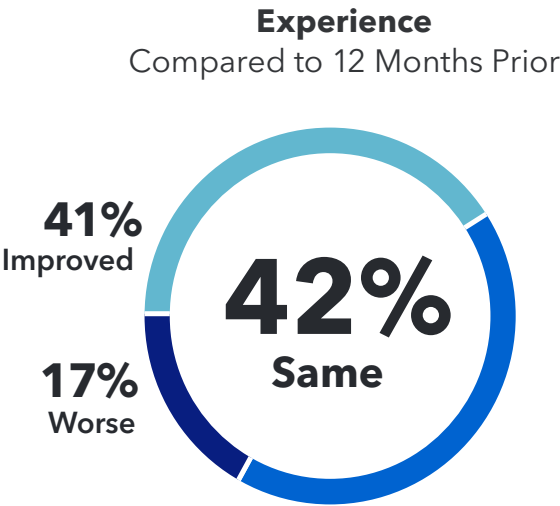
ACCESS TO CAPITAL

Those expecting access to capital to remain stable dropped to its lowest level (70%) since Q1 of 2024. However, 75% noted that access to capital held steady over the past 12 months, a slight uptick from the third quarter of 2025. Overall, 98% of all banks saw either no change or improved access to capital in 2025.



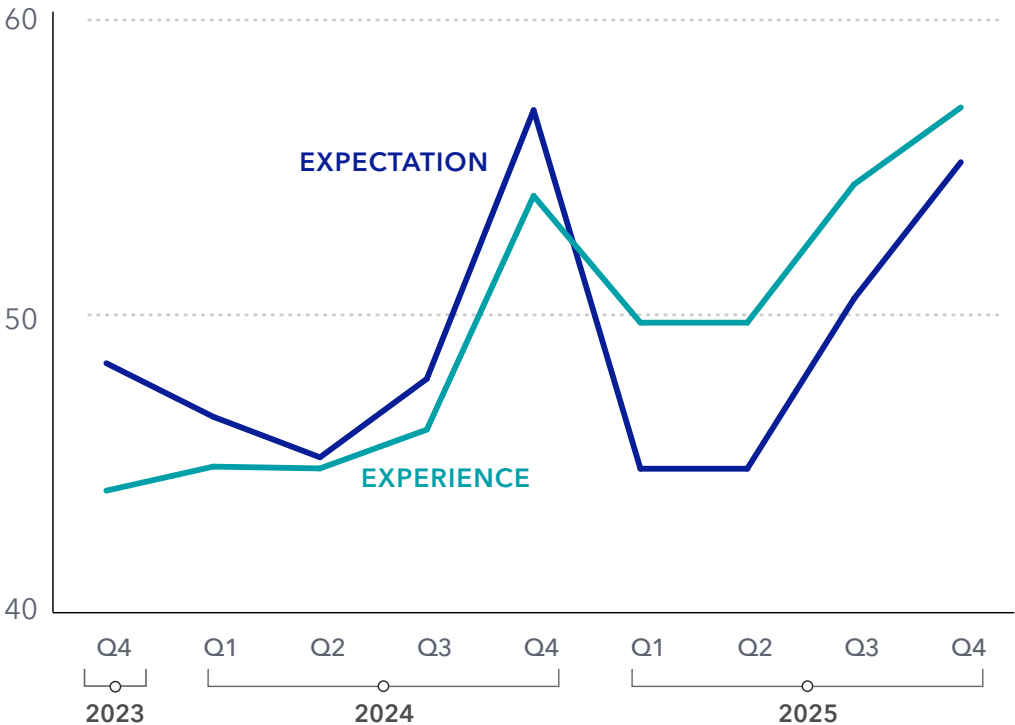
OVERALL ECONOMIC CONDITIONS

The number of bankers who reported that economic conditions rose again this quarter jumped to 41%, about five points higher than the previous quarter and the highest level recorded since the fourth quarter of 2021. Looking ahead 12 months, the percentage of respondents who expect overall economic conditions to improve increased 8 points from last quarter to 39%, representing a 15-point increase from the start of 2025.



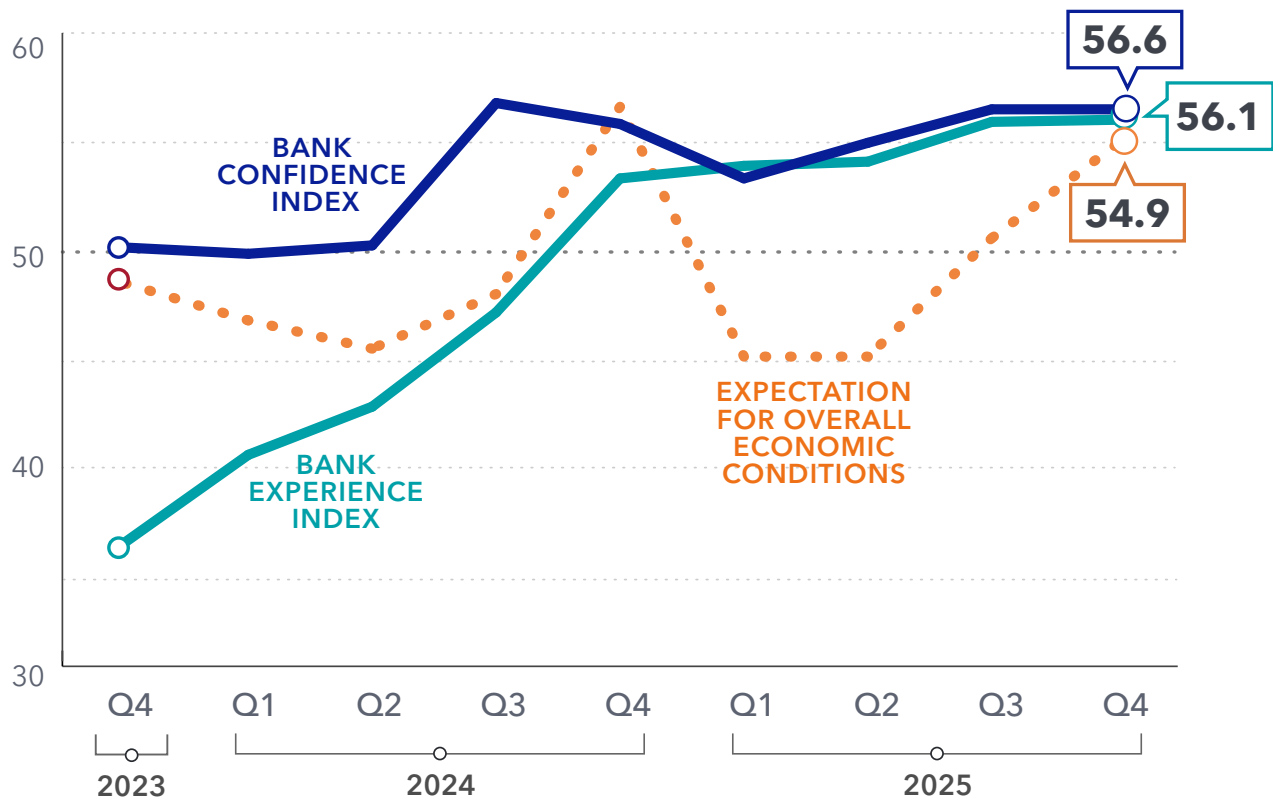
OVERALL ECONOMIC CONDITIONS OVER TIME

This quarter, bankers' reported experiences over the past 12 months, and their expectations for the year ahead continued to rise.



INDICES

IntraFi's proprietary Bank Experience IndexSM showed almost no movement over the prior quarter, rising marginally from 56 to 56.1. The forward-looking Bank Confidence IndexSM also moved very slightly, showing a small decline from 56.7 in Q3 of 2025 to 56.6 in Q4 of 2025. The Bank Confidence Index has remained over 50 points for almost 2 years.



The Bank Experience Index is meant to quantify bankers' experiences looking back over the last 12 months, while the Bank Confidence Index is meant to quantify bankers' forward-looking expectations for the banking industry for the 12 months ahead. The expectation for overall economic conditions is a composite of broad expectations for the next 12 months.

These indices are calculated from responses by CEOs, presidents, CFOs, and COOs to survey questions relating to four key factors: access to capital, loan demand, funding costs, and deposit competition.

Charted on a scale of 0-100, a score of 50 represents the baseline expectation.

The Bank Confidence Index and Bank Experience Index are proprietary indices of IntraFi, calculated using IntraFi's proprietary algorithm. Bank Confidence Index and Bank Experience Index are service marks of IntraFi LLC.

METHODOLOGY AND RESPONSE

IntraFi's Bank Executive Business Outlook Survey was conducted online over the course of two weeks from January 6 to January 20, 2026.

The survey was delivered via email to bank CEOs, presidents, CFOs, and COOs. Leaders from 426 unique banks throughout the United States completed the survey. Of these respondents, 114 were CEOs (27%), 61 were presidents (14%), 219 were CFOs (51%), and 32 were COOs (8%).

All percentages have been rounded to the nearest whole number unless reported otherwise. Percentages may not total 100% for some questions due to respondents' ability to select more than one answer option.

ABOUT INTRAFI

Since its founding over 20 years ago, IntraFi has been chosen by over 3,000 financial institutions. IntraFi's deposit network is the largest of its kind, and its tested, trusted services help its network members acquire high-value relationships, fund more loans, and seamlessly manage liquidity needs. IntraFi invented reciprocal deposits and is the #1 provider of deposit placement solutions, offering the largest per-depositor, per-bank capacity.

For more information about this survey, IntraFi, or its solutions, please contact Rob Blackwell, Chief Content Officer & Head of External Affairs, at (866) 776-6426, x3357 or rblackwell@intrafi.com.



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